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ABSTRACT

Many small and midsized businesses seeking to change by purchasing new technology, restructuring their work processes, and/or upgrading their employees' skills require outside assistance from educational institutions (including community colleges, universities, and state literacy and training programs), nonprofit organizations, and private consulting firms. According to the employers, employees, and service providers who participated in a series of 18 focus groups across the country, businesses want the following from service providers: customer focus, customized program content and delivery, expertise, affordability, commitment, personal connection with the service provider, guaranteed outcomes, and comprehensiveness. When determining whether a service provider will meet their needs, businesses use informal networks, check references, look for credentials, and examine sample work. Service providers seeking to meet business needs must do the following: maintain contact with their customers (stay in touch with customer needs, be an information source to business, market themselves); build close provider-client relationships (clarify clients' expectations, "work the relationship," provide value at reasonable cost, reduce the paper burden, and develop the ability to meet multiple needs); and focus their services on bottom-line results (market results, align services with clients' strategic goals, focus on expected results, and base fees on performance). (MN)

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NATIONAL WORKFORCE ASSISTANCE COLLABORATIVE

BUSINESS ASSISTANCE NOTE #1

PREPARED BY THE NATIONAL ALLIANCE OF BUSINESS

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Meeting the Needs of Small and Mid-Sized Businesses

A Guide for Service Providers

Introduction

Change is a fact of life for small and mid-sized businesses today. The demand for higher quality and customized products, delivered more quickly and at lower prices, requires all companies to produce better, faster, and cheaper.

Small and mid-sized companies have to change if they want to stay in business and be competitive and profitable in today's environment. They may need to purchase new technology, restructure their work processes, and/or upgrade their employees' skills.

But change is difficult. With shortages of both time and money, small and mid-sized businesses are most in need of outside assistance to help them through the change process.

Educational institutions, non-profit organizations, and private consulting firms can provide that assistance. These and other service providers can help companies select the technologies most appropriate for their businesses, assist in the redesign of work processes and employer-employee interactions, and upgrade employees' basic and technical skills.

Good service providers can also facilitate the preparation for and management of the change process in small and mid-sized businesses. They bring to the change process both the experience of working with a large number of companies and the critical eye of an outsider.

To learn more about how service providers could meet the needs of small and mid-sized businesses, the National Workforce Assistance Collaborative conducted a series of 18 focus groups with employers, employees, and service providers from across the country. They told us:

- ❑ What businesses want from service providers,
- ❑ How service providers can reach small and mid-sized businesses, and
- ❑ How service providers can meet business needs.

This *Business Assistance Note* is written for all of the providers available to help small and mid-sized businesses, including:

- ❑ Community colleges,
- ❑ Universities,
- ❑ Manufacturing technology centers,
- ❑ State literacy and training programs,
- ❑ State economic development and technology offices,
- ❑ Labor-management associations,
- ❑ Business organizations,
- ❑ Trade and professional associations,
- ❑ Business development centers,
- ❑ Private industry councils,
- ❑ Non-profit organizations, and
- ❑ Private consulting firms.

It is designed to help organizations become better service providers.

This note was developed based on 18 focus groups that the ***National Workforce Assistance Collaborative*** conducted in February and March of 1994: seven with businesses, six with service providers, and five with employees. Sessions were held in Atlanta; Baltimore; Chicago; Cleveland; Dallas; Detroit; Los Angeles; New Brunswick, New Jersey; Washington, DC; and Westmoreland, Pennsylvania.

What Businesses Want From Service Providers

Businesses in the focus groups were clear about their expectations for service providers. They want:

Customer focus

Small and mid-sized businesses want services focused on their requirements and the realities of their workplaces. Many of these companies know *that* they have to

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change, but don't know *what* to change. One business owner commented that small and mid-sized companies often lack the "intellectual capital" required to determine their needs. These companies want service providers to collaborate with them in determining their needs and defining their objectives. They expect providers to deliver outcome-oriented services in line with these needs and objectives.

Customizing Training

The Garment Industry Development Corporation (GIDC) in New York City operates a "Super Sewers" program to upgrade the skills of sewing machine operators. To meet the needs of the operators, GIDC conducts some classes in Chinese and others in Spanish. It also incorporates instruction in work-related English into its programs.

Customization

Because each individual business is unique, business owners want customized programs.

- **Content**. Companies want service providers to tailor services to meet their needs, instead of trying to fit company needs into an off-the-shelf package of services.
- **Delivery**. Companies also want providers to tailor their services to meet individual operating structures and schedules. Many small and mid-sized businesses cannot train employees on company time since they do not have enough workers to substitute for those in training. Some businesses operate around the clock and want services delivered at a variety of times in order to meet their shift schedules. Because businesses often come to service providers when a problem is critical, they also want their needs addressed *right away*.

Expertise

Business people are critical of those providers that do not have experience 1) in the areas in which they are delivering services *and* 2) in delivering those services to businesses. Service providers need to know what their strengths are – and market to them.

Affordability

Cost is a big issue for small and mid-sized companies. Most of these companies operate on a very tight margin. Small and mid-sized businesses need affordable programs. Some want service providers to help them identify and apply for public funding to subsidize costs; others want providers to charge fees based on a sliding scale or sponsor "training consortia" that enable smaller companies to share costs among themselves.

Commitment

Small and mid-sized businesses want to work with service providers who are interested in and understand company needs. Businesses want a service provider who will expand employees' knowledge and build their company's long-term capacity. They are looking for service providers who will work with them for the long term and address their evolving workplace needs. Most importantly, companies want service providers who will help them move from theory to practice and *apply* the lessons they are being taught *in* the workplace.

Service Provider Checklist

Companies want service providers who offer:

- ✔ Customer focus
- ✔ Customization
- ✔ Expertise
- ✔ Affordability
- ✔ Commitment
- ✔ Personal connection
- ✔ Guarantees

Personal connection with the service provider

Small and mid-sized business owners and managers want service providers who will listen to them before offering solutions. Several business people stated that they expect a service provider to "become a part of the company." They are looking for the provider to fit comfortably into their company culture. "Good chemistry" between the service provider and a small business owner is essential, since the owner often is the driving force behind the business.

Guaranteed outcomes

Small and mid-sized businesses want to be sure that any money they spend on change efforts will be returned to them in increased productivity, higher quality, and/or lower costs. One human resources manager bemoaned her top management's insistence on concrete performance measures prior to making business changes. She wished management would take a "leap of faith." Companies are looking for service providers to guarantee results or link their fees to performance.

Other qualities

A few of the businesses in the focus groups were looking for providers that could offer more innovative approaches to service delivery.

- **Comprehensiveness**. Some companies want providers that

can, either singly or in partnership with others, offer more comprehensive solutions to their problems. They need providers who can help with their current crises, while preparing them to adopt more long-term strategies for addressing the roots of their problems.

- ❑ **Brokering**. Other businesses want more control over service delivery. They want access to the information and tools needed to develop and operate their own change efforts. Some look to technology as an avenue for assistance; others want more opportunities to network with companies and learn first hand about *their* change efforts. These companies need providers who can serve in a brokering capacity.

Reaching Small and Mid-Sized Businesses

Small and mid-sized businesses in the focus groups learned about service providers from a variety of sources, including direct calls and mailings, association membership lists, and meetings sponsored by such organizations as trade associations, chambers of commerce, and private industry councils. These contacts, however, are not enough to enable businesses to assess the quality of a provider's work.

To determine whether a service provider will meet their needs, companies:

- ✔ ***Use informal networks***. Most businesses use referrals from other companies, associations, and individuals they know and trust to identify and assess the quality of service providers.
- ✔ ***Check references***. Most companies check the references of any service providers that are not directly referred to them. They take the time to talk with a provider's clients to determine whether the clients are satisfied with the services they received.

Selecting Service Providers

Small and mid-sized companies:

- ✔ Use informal networks
- ✔ Check references
- ✔ Look for credentials
- ✔ Examine sample work

- ✔ ***Look for credentials***. Some businesses look for service providers with certifications from such organizations as the International Association of Continued Training. Other businesses consider a service provider's past accomplishments to be its credentials.
- ✔ ***Examine sample work***. Businesses observe the work of service providers in a number of ways. Some businesses may want providers to offer a "sample" class to help them determine whether the providers are right for them. Other businesses may test service providers with smaller assignments before contracting with them for major efforts.

Understanding the processes that companies use to select assistance is critical for providers looking to market themselves effectively.

Meeting Business Needs

According to focus group participants, service providers seeking to meet business needs must maintain contact with their customers, build close provider-client relationships, and focus their services on bottom-line results.

Customer contact

Maintaining contact with customers allows a provider to stay current with company needs, as well as build demand for services. Service providers should:

- ✔ ***Stay in touch with customer needs*** by conducting surveys and seminars, and initiating one-on-one contacts.
- ✔ ***Be an information source to businesses*** about the need for change. Use meetings, newsletters, and advertisements to educate and inform businesses about economic trends.
- ✔ ***Market themselves*** by:
  - ❑ Working with trade and professional associations;
  - ❑ Publishing a newsletter with success stories;
  - ❑ Producing videos;
  - ❑ Opening a technical assistance hot line;
  - ❑ Participating in fairs; and
  - ❑ Organizing and appearing on business-oriented cable programming.

Provider-client relationships

Good provider-client relationships are the result of both ongoing efforts to stay abreast of a client's needs and the ability to handle the difficulties clients face during their change efforts. Providers should:

- ✔ ***Clarify the client's expectations***, and ensure that the client's and their own expectations are aligned.

Businesses must be clear about what they want addressed, and providers must be clear about what they can do. Together, the client and provider must come to an understanding of the client's problem, the provider's expertise, the cost of the proposed program, the time needed to complete the project, and the expected results.

✔ ***"Work the relationship."*** Providers should keep their ears open when on site, constantly inquiring, providing feedback, and addressing problems as these emerge. Providers need to continually assess their services to ensure that the services remain on track and retain company support.

✔ ***Provide value at a reasonable cost.*** Service providers should help small and mid-sized companies cover the costs of their services by 1) charging fees on a sliding-scale basis, 2) helping the companies access outside funds, or 3) building consortia that enable the companies to share program costs among themselves.

✔ ***Reduce the paper burden.*** While using external funding sources may help businesses afford needed services, dealing with the reporting requirements attached to the funds may be overly time consuming. Providers can perform a valuable service by acting as the interface between the bureaucracy granting the money and the company accessing the services, and assuming the bureaucratic burden.

✔ ***Develop the ability to meet multiple needs.*** A service provider may not be able to meet all the needs of its business clients. Service providers should build networks with other providers so that they can muster the assistance needed to address all of a company's problems.

Meeting Business Needs

Service providers must:

✔ Know customer needs
✔ Provide information
✔ Clarify expectations
✔ Support company goals
✔ Be accessible
✔ Meet multiple needs
✔ Focus on results
✔ Base fees on performance

Outcome-driven services

Every morning, as soon as small business owners awake, they focus their energies on "making the payroll." Service providers need to remember the company owners' financial imperative and link all of their activities to producing bottom-line benefits.

Providers should:

✔ ***Market results.*** Providers should make it easy for companies to determine the quality of their services. They should offer sample classes and connect potential customers to current and past clients.

✔ ***Align services with clients' strategic goals.*** If necessary, providers should help companies determine their goals and then use comprehensive assessments and integrated action plans to guide the change efforts.

✔ ***Focus themselves – and their clients – on expected results.*** Providers should work with company leaders to set measurable program objectives and then keep asking if the expected results are being met.

✔ ***Base fees on performance.*** Business people want to pay for results. Money-back guarantees or performance-based contracts can assure business owners and managers that they will receive services with a positive impact on the bottom line.

Terri Bergman and
Barbara Kaufmann
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The ***National Workforce Assistance Collaborative*** builds the capacity of the service providers working with small and mid-sized companies in order to help businesses adopt high-performance work practices, become more competitive, and ultimately advance the well-being of their employees. The Collaborative was created with a $650,000 cooperative agreement grant from the ***Department of Labor*** to the ***National Alliance of Business***. Current partners on the project include the Council for Adult and Experiential Learning, the Institute for the Study of Adult Literacy at Pennsylvania State University, the Maryland Center for Quality and Productivity, and the National Labor-Management Association. The Collaborative provides assistance in four areas: employee training, labor-management relations, work restructuring, and workplace literacy. For more information, contact Bernice Jones at the National Alliance of Business, (202) 289-2915.

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